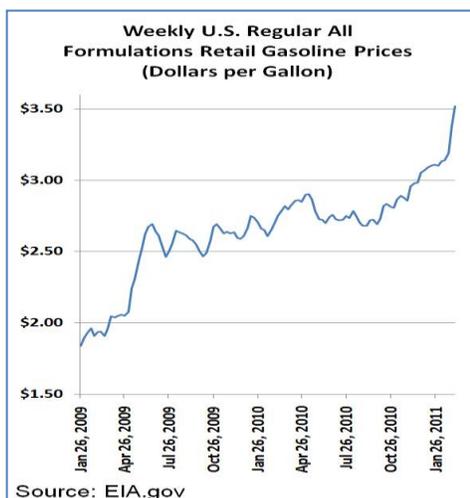


Higher Gas Prices and Fewer Jobs

Administration Continues to Stifle Development of Domestic Energy Sources

When President Obama took office, the national average price for regular gasoline was \$1.84 per gallon. Today, after two years of President Obama's policies of restricting domestic energy production, backdoor cap-and-trade regulations, and threats of higher energy taxes, **the average price has risen to \$3.52 per gallon – a 91 percent increase.**¹ Perhaps this is the “gradual adjustment” of gas prices that then-Senator Obama called for in 2008² or a step toward the stated goal of his Energy Secretary that “[s]omehow we have to figure out how to boost the price of gasoline to the levels in Europe.”³



In a tight oil market, additional supply can dramatically reduce gas prices.⁴ But the most accessible and promising domestic reserves remain off limits or mired in a de facto moratorium of shifting permit approval standards and regulatory red tape.

Offshore Permittorium: Even though the Administration lifted its moratorium on permits in late 2010, only one deepwater well permit has been issued in the past 11 months.⁵ Additional delays and a continuation of the current permitting pace could **cost 125,000 jobs in 2015**, \$70 billion in lost private investment, and \$18 billion in lost government revenue.⁶ Offshore energy production is expected to decrease by 13 percent in 2011 due to the slow pace of permitting.⁷

Delayed Access to New Offshore Areas: The Obama Administration's Environmental Protection Agency (EPA) refuses to provide air permits to drill in the shallow waters off the Alaska coast,⁸ which hold an estimated 27 billion of barrels of oil. Developing Alaska's offshore resources could **create 55,000 jobs per year.**⁹ In December 2010, the Administration also announced that its 2012-17 lease plan would not include new areas in the eastern Gulf of Mexico or off the Atlantic coast.¹⁰ These two areas hold commercial oil reserves of 28 billion barrels and up to 142 trillion cubic feet of natural gas.¹¹ Delaying access to these areas not only hinders the production of domestic energy but also means the loss of up to \$24 billion in federal revenue.¹²

Blocked Access to Onshore Resources: In 2009, the Obama Administration cancelled 77 oil and gas leases in Utah, and in 2010 it cancelled another 61 oil and gas leases in Montana. The Administration also has failed to provide a clear path to commercialize and develop oil shale, even though the U.S. has approximately 800 billion barrels of recoverable oil shale (roughly three times the reserves of Saudi Arabia).¹³

In addition, the Arctic National Wildlife Reserve (ANWR) remains off limits for energy development. Surface development on just 2,000 acres (0.01 percent) of ANWR would bring approximately one million barrels of economically recoverable oil to market per day.¹⁴ The Administration has even blocked development in the National Petroleum Reserve-Alaska – an area specifically designated by Congress for oil production.¹⁵

EPA's Backdoor Cap-and-Trade Regulation: EPA is currently regulating large stationary sources for greenhouse gas emissions under the Clean Air Act. Within just a few years, EPA will expand these regulations to incorporate smaller existing facilities. These backdoor climate regulations could increase the cost of gasoline and electricity by 50 percent.¹⁶ They could also decrease private investment by \$75 billion in the regulated industries and **destroy 1.4 million jobs**.¹⁷ Additional regulations on refineries and power plants are expected in the coming months, which could send gas prices even higher.¹⁸

Higher Energy Taxes: President Obama has proposed increased energy taxes of up to \$90 billion over the next 10 years.¹⁹ Much of this tax would be passed on to families and businesses in the form of higher gas and electricity prices. If enacted, the tax increases could jeopardize the domestic production of 60,000 barrels of oil per day in 2011 and 250,000 barrels per day in 2017 – roughly 10 percent of domestic production.²⁰ By 2020, up to **165,000 jobs could be put at risk** by the new taxes.²¹

Higher fuel prices are a silent tax on America's families and employers as each one cent increase in gasoline price reduces consumer disposable income by \$600 million.²² Small businesses and middle- and low-income families have limited means to adapt to higher gas prices and are hardest hit by President Obama's policies that are destroying jobs, driving gas prices higher, and increasing our reliance on foreign sources of energy.

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⁴ "What's Driving Energy Prices," by David Kreutzer, Heritage Foundation, <http://www.heritage.org/Research/Commentary/2011/01/Whats-driving-the-spike-in-gas-prices>

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⁶ "The Impact of Gulf of Mexico-Deepwater Permit Delays on US Oil and Natural Gas Production, Investment, and Government Revenue," Wood Mackenzie, December 2010, http://www.api.org/Newsroom/upload/Final_API_The_Impact_of_GoM_DW_Permit_Delays.pdf

⁷ "Drilling Is Stalled Even After Ban Is Lifted," by Ben Casselman and Daniel Gilbert, Wall Street Journal, January 3, 2011, http://online.wsj.com/article/SB10001424052970204204004576050451696859780.html?mod=WSJ_hp_LEFTTopStories

⁸ "Shell drops oil-drilling plans for Beaufort Sea in 2011," by Dan Joling, Associated Press, February 3, 2011, http://newsminer.com/view/full_story/11247260/article-Shell-drops-oil-drilling-plans-for-Beaufort-Sea-in-2011

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¹⁰ "Salazar Announces Revised OCS Leasing Program," press release, U.S. Department of Interior, <http://www.doi.gov/news/pressreleases/Salazar-Announces-Revised-OCS-Leasing-Program.cfm>

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¹² Ibid

¹³ "U.S. Oil Shale: Our Energy Resource, Our Energy Security, Our Choice," American Petroleum Institute, November 25, 2009, <http://www.api.org/aboutoilgas/oilshale/index.cfm>

¹⁴ "ANWR" fact sheet, Institute for Energy Research, <http://www.instituteforenergyresearch.org/issues/anwr/>

¹⁵ "Murkowski Questions EPA's Use of Special Designation to Derail Development," press release, U.S. Senate Energy and Natural Resources Committee, http://murkowski.senate.gov/public/index.cfm?p=PressReleases&ContentRecord_id=3E9D037E-0CD5-4017-B6A9-858AFA7CD1CC

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¹⁷ Testimony of Margo Thorning, American Council for Capital Formation, Subcommittee on Energy and Power, Committee on Energy and Commerce, U.S. House of Representatives, February 9, 2011, http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/020911_Energy_Tax_Prevention_Act/House%20Energy%20Commerce%20Testimony%20292011%20FINAL.pdf

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